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IN THE

Supreme Court of the United States

October Term, 1966

No. 830

GRACE LINE, a corporation and SS "SANTA JUANA,"
Petitioners,

v.

MICHAEL J. KANTON,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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PAGE

SUBJECT INDEX

	Page
Opinion Below	1
Jurisdiction	1
Questions Presented	1
Statutes Involved	2
Statement of the Case	2
Reasons for Granting the Writ	2
Conclusion	9
Appendices:	
Appendix A	A-1
Appendix B	A-4

TABLE OF CASES

Akers v. States Marine Lines, 344 F.2d 217 (5 CCA 1965)	8
Amell v. United States, 384 U.S. 158 (1966)	7
Bennett v. The Moremacdale, 160 F.Supp. 840, aff'd 254 F.2d 138 (1958) (2 CCA), cert. den. 358 U.S. 815	3
Biggs v. Norfolk Dredging Company, 360 F.2d 360 (3 CCA 1966)	9
Course v. Pacific Island, 234 F. Supp. 675 (D.C. Ore. 1964)	9
Denko v. United States, 350 F.2d 698, (3 CCA 1965), cert. granted 383 U.S. 966	8
Hertel v. American Export Lines, 225 F.Supp. 703 (S.D. N.Y. 1964)	9
Italia SOC v. Oregon Stevedoring Co., 376 U.S. 315 (1963)	6
Jackson v. Lykes Bros., 185 So.2d 1342 (La. 1966)	9
Johansen v. United States, 343 U.S. 427 (1952)	7

Page

Miculka v. American Mail Lines, 229 F.Supp. 665 (D.C. Ore. 1964) 8

Nogueira v. N.Y.N.H. and H.R. Co., 21 U.S. 128 3

Norton v. Warner Company, 321 U.S. 565 (1943) 3

Reed v. SS "YAKA," 373 U.S. 410 ..... 2, 4, 5, 6 et seq.

Robinson v. Lykes Bros., 170 So.2d 243 (La. 1964) 9

Ryan Stevedore Co. v. Pan-Atlantic Corp., 350 U.S. 124 (1955) 3

Ryan v. Pan-Atlantic Corp., 350 U.S. 124 (1955) 3, 7

Petterson v. United States, 350 U.S. 495 (1959) 7

Samuels v. Munson Steamship Line, 63 F.2d 861 (1933), 5 CCA 3

Smith v. The Moremacdale, 198 F.2d 849, 3 CCA (1952), cert. den. 345 U.S. 908 4

South Chicago Co. v. Bassett, 309 U.S. 251 (1939) 3

Swanson v. Marrah Bros., 328 U.S. 1 (1945) 3

White v. United States Lines Company, 254 F.Supp. 480 (D.C. Md. 1966) 8

STATUTES

28 U.S.C. Sec. 1254(1) 1

33 U.S.C. Sec. 905 2

Sec. 907 2

Sec. 933 2

OTHER AUTHORITIES

U.S. Congressional & Administrative News, 1959, Vol. 2, p. 2134 3

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v.		
MICHAEL J. KANTON,	*Respondent.*	

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Petitioners pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit, entered in the above-entitled case on September 8, 1966.

CITATION TO OPINION BELOW

The memorandum opinion of the Ninth Circuit, decided September 8, 1966, is unreported and is reproduced in Appendix B. The opinion of the District Court was not printed.

JURISDICTION

The judgment of the Circuit Court of Appeals was entered September 8, 1966, Appendix B. The jurisdiction of this court is invoked under 28 U.S.C. Section 1254(1).

QUESTIONS PRESENTED

1 (a). Can a shipowner-employer of a longshore employee be sued directly for personal injuries in view of

33 U.S.C. Sec. 905 of the Longshoremen's and Harbor Workers' Compensation Act?

1 (b). Is such a result compelled by the case of *Reed v. SS "YAKA,"* 373 U.S. 410 where, as in the instant case, there is no third party and the shipowner-employee is sued directly?

STATUTES INVOLVED

The statutory provisions involved are 33 U.S.C. Secs. 905, 907 and 933.

STATEMENT OF THE CASE

Respondent Michael J. Kanton filed a libel *in rem* for damages for personal injuries sustained on navigable waters of the United States at Tacoma, Washington on November 26, 1961, while employed on the SS "SANTA JUANA." The SS "SANTA JUANA" is a wholly owned and operated vessel belonging to Kanton's employer, Grace Line. Jurisdiction in the District Court was based upon an alleged maritime tort occurring in navigable waters of the United States.

After receiving the statutory compensation benefits under the Longshoremen's and Harbor Workers' Compensation Act, respondent instituted this action.

REASONS FOR GRANTING THE WRIT

1. *The decisions of the court below in the instant case (see Appendix B) completely disregarded the provisions of* 33 *U.S.C., Sec.* 905.

The Longshoremen's and Harbor Workers' Compensation Act will hereinafter be referred to as the Act and 33 U.S.C. Sec. 905 will hereinafter be referred to as Sec. 5.

The constitutional basis for sustaining the Act was the counter-balancing of *"quid pro quo"* doctrine of immunization of the employer from all suits by his employees in return for the employer's providing assured statutory compensation under the Act to all injured employees, regardless of fault. This was recognized as late as the case of *Ryan v. Pan-Atlantic Corp.*, 350 U.S. 124 (1955) and by Congress when considering amendments to Sec. 33 of the Act in 1959. See Senate Report No. 428 (U.S. Congressional & Administrative News, 1959, Vol. 2, p. 2134).

This court has always recognized the stevedore employer's complete immunity from suit by his employees in the following cases:

South Chicago Co. v. Bassett, 309 U.S. 251 (1939); *Nogueira v. N.Y.N.H. and H.R. Co.*, 21 U.S. 128 (1929); *Norton v. Warner Company*, 321 U.S. 565 (1943); *Swanson v. Marrah Bros.*, 328 U.S. 1 (1945); *Ryan Stevedore Co. v. Pan-Atlantic Corp.*, 350 U.S. 124 (1955).

The maintenance of this action contravenes the specific statutory language of Sec. 5 and violates the "counter-balancing" considerations justifying compensation legislation and was clearly erronous.

2. *Efforts by a longshoreman to avoid the plain statutory immunization of the employer from direct suit by instituting an action in rem where the employer is also the shipowner (as in the instant case) have been uniformly struck down.*

Samuels v. Munson Steamship Line, 63 F.2d 861 (1933) 5 CCA; *Bennett v. The Moremacdale*, (1958) 160 F. Supp. 840, affirmed 254 F.2d 138 (2 CCA), cert.

denied, 358 U.S. 815; *Smith v. The Moremacdale*, 198 F.2d 849, 3 CCA (1952) cert. denied, 345 U.S. 908.

None of these decisions have been overruled by this court either before or after the case of *Reed v. SS "YAKA," supra*, and compel the same holding, namely, that a shipowner-employer who employs a longshoreman may not be sued *in rem* for damages by such employee.

3. *Because of totally different factual and legal considerations in Reed v. SS "YAKA," supra, the lower court erred in applying the doctrine of that case to the case at bar.*

In *Reed v. SS "YAKA," supra*, the vessel was owned by Waterman Steamship Company and bare boat chartered to Pan-Atlantic Steamship Company. The charter contained an indemnity provision running to Waterman. The bare boat charteror, Pan-Atlantic Steamship Company, employed Reed, a longshoreman, who was injured because of negligent placement of dunnage by Pan-Atlantic stevedores. Reed filed a libel *in rem* for unseaworthiness of the SS "YAKA." Waterman appeared as owner and claimant and, pursuant to the charter party, impleaded Pan-Atlantic for indemnity.

Both the District Judge and the Third Circuit recognized that such an action could not be maintained if the employer-shipowner were the same individual, as in the instant case.

The Third Circuit held that the case of *Smith v. The Moremacdale, supra*, and the absence of any lien creating obligation prevented maintenance of Reed's action.

Pan-Atlantic Steamship Company, the impleaded

third party for indemnity, claimed the benefits of Sec. 5 of the Act.

This court held under the unique facts of the case that Reed could maintain a direct action for unseaworthiness against his employer, Pan-Atlantic, although he had not done so. The Third Circuit was reversed. The net result of the holding was that Reed recovered damages against Waterman. Pan-Atlantic recovered its stevedore lien for compensation by subrogation but was, in turn under the indemnity agreement, obliged to make Waterman whole.

This is in the traditional pattern of third party stevedore actions. There was no violation of the economic standards of the Act in this holding nor was any undue financial burden placed upon the stevedore-employer (Pan-Atlantic) contrary to the provisions of the Act.

It is entirely another matter to interpret *Reed v. SS "YAKA," supra,* as placing an additional financial burden upon the employer-shipowner by making him directly liable to the employee for damages, where previously he had no indirect liability because of the absence of a third party shipowner to whom the employer would ultimately be responsible.

The crucial distinction between *Reed v. SS "YAKA"* and the case at bar is that no third party is involved as in *Reed v. SS "YAKA," supra,* and here the shipowner-employer is directly sued for damages in violation of the provisions of the Act, whereas in *Reed v. SS "YAKA,"* the shipowner-employer was not directly sued.

The restrictive scope of the holding of *Reed v. SS*

"YAKA," *supra*, is indicated in a footnote in the case of *Italia SOC v. Oregon Stevedoring Co.*, 376 U.S. 315 (1963).

Mr. Justice Black, the author of the majority opinion in *Reed v. SS "YAKA," supra* (at page 325, footnote 2), stated:

> *"Reed v. The YAKA*, 373 U.S. 410, held only that a longshoreman could bring a suit for unseaworthiness against the stevedoring company *which chartered a ship and was the longshoreman's employer."* (Italics ours.)

Reed v. The YAKA, supra, recognized that it would be highly improper to permit the economic burdens of the Act to fall upon an employer contrary to the provisions of the Act. Such a result obtains under the Circuit Court holding permitting maintenance of this action.

4. Under the lower court holding permitting a shipowner-employer to be directly sued by his employee, the shipowner-employer would be deprived of the following statutory benefits under the Act accorded an employer where a third party situation exists; 1. statutory lien for medical expenses provided by 33 U.S.C. Sec. 907(g) (Appendix A); 2. assignment of employee's cause of action provided by 33 U.S.C. Sec. 933(b) (Appendix A); 3. retention of portion of the proceeds of any employer recovery, provided by 33 U.S.C. Sec. 933(D)(e)(1); 4. (Appendix A) lien for compensation paid under any settlement in employer's suit provided by 33 U.S.C. Sec. 933(e)(1)(c) (Appendix A); 5. Right to obtain portion of employer's recovery, 33 U.S.C. Sec. 933(e)(D)(2) (Appendix A); 6. right to be relieved of deficiency claim for compensation in event longshoreman institutes

third party action settled without employer's consent, 33 U.S.C. Sec. 933(g) (Appendix A).

The deprivation of the above-cited economic advantages to an employer, such as petitioners, who are directly sued by a longshore employee, basically violates the shipowner-employer's rights under the Act and thrusts the economic burden of the longshoreman's recovery upon petitioners contrary to the purposes of the Act, and are specifically forbidden by the cases of *Ryan Stevedoring Co. v. Pan-Atlantic S.S. Corp., supra,* and *Reed v. SS "YAKA," supra.*

5. The basic questions presented here, namely, whether a Federal statutory scheme of workman's compensation provides an exclusive remedy for all injured persons eligible for benefits affect not only the private maritime industry of this country but also the United States Government.

The United States Government, in the operation of its constantly growing merchant marine, has protected its employees for injuries under a Congressional Act known as the Federal Employees' Compensation Act. Court decisions have established that maritime employees of the United States are strictly limited to the benefits specified in the Federal Employees' Compensation Act. See *Amell v. United States,* 384 U.S. 158 (1966); *Johansen v. United States,* 343 U.S. 427 (1952); *Petterson v. United States,* 350 U.S. 495 (1959).

The construction placed on the case of *Reed v. SS "YAKA," supra,* by the Ninth Circuit would overrule these cases, *sub silentio* and render the Government liable to suit directly by its maritime employees for unseaworthi-

ness, in violation of Congressional legislation.

There is pending before this court in *Denko v. United States*, 350 F.2d 698, 3 CCA (1965) cert. granted 383 U.S. 966, and argued November 8, 1966, the same basic question as to the exclusiveness of a Federal compensation act to Federal prison inmates.

Petitioners respectfully submit that certiorari should be granted because of the importance of the question of law involved. Affected are claims by private employees, both under the Longshoremen's Act and under the several state workmen's compensation laws as well as by Government employees under the Federal Employees' Compensation Act. In addition, several district court decisions have passed on the precise question here involved and appeals are pending in the Court of Appeals for the Second Circuit in *Peros v. Grace Line Inc.* and *Scopaz v. Grace Line Inc.* (Consolidated appeals, *sub nom Scopaz* and *Peros v. SS "SANTA LUISA"* and *Grace Line Inc.* Docket No. 30851).

It is evident that the issue will recur in numerous cases inasmuch as *Reed v. SS "YAKA," supra,* has precipitated an avalanche of claims for damages against employers, including pre-*Reed v. SS "YAKA," supra,* accidents. See *Akers v. States Marine Lines,* 344 F.2d 217 (5 CCA 1965) and *Miculka v. American Mail Lines,* 229 F. Supp. 665 (D.C. Ore. 1964), giving *Reed v. SS "YAKA," supra,* retroactive effect; also *White v. United States Lines Company,* 254 F. Supp. 480 (D.C. Md. 1966) explaining under what limited circumstances claims on accidents occurring before the decision of *Reed v. SS "YAKA," supra,* will be considered time-barred because of prejudice

to the employer. Some cases have restricted suits based on *Reed v. SS "YAKA," supra,* to *in rem* proceedings against the vessel (*Robinson v. Lykes Bros.*, 170 So.2d 243 (La. 1964)); *Jackson v. Lykes Bros.*, 185 So.2d 1342 (La. 1966) certiorari applied for.

The same influx of claims against the United States under the Federal Employees Compensation Act and against private employers under state compensation laws may be anticipated. These claims go beyond injuries caused by unseaworthiness, for there are decisions reading *Reed v. SS "YAKA," supra,* as authorizing suits under the Jones Act based on fellow-servant negligence: *Biggs v. Norfolk Dredging Company,* 360 F.2d 360 (3 CCA 1966); Contra *Hertel v. American Export Lines,* 225 F. Supp. 703 (S.D. N.Y. 1964); *Course v. Pacific Island,* 234 F. Supp. 675 (D.C. Ore. 1964); as well as authorizing recovery by longshoremen of maintenance and cure (*Biggs v. Norfolk Dredging Company, supra*), a right reserved strictly to members of the crew of a vessel.

Thus, clarification of the *Reed v. SS "YAKA," supra,* holding is urgently required in order that it will not conflict with the basic principles of workmen's compensation legislation and thrust unauthorized financial burdens on employers, contrary to Congressional intent.

CONCLUSION

For the foregoing reasons, this Petition for Writ of Certiorari should be granted.

Respectfully submitted,

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APPENDIX A

"EXCLUSIVENESS OF LIABILITY. Sec. 905. The liability of an employer prescribed in Sec. 4 shall be exclusive and in place of all other liability of such employer to the employee, his legal representative, husband or wife, parents, dependents, next of kin, and anyone otherwise entitled to recover damages from such employer at law or in admiralty on account of such injury or death, except that if an employer fails to secure payment of compensation as required by this Act, an injured employee, or his legal representative in case death results from the injury, may elect to claim compensation under this Act, or to maintain an action at law, or in admiralty for damages on account of such injury or death."

33 U.S.C. Section 907(g):

"The liability of an employer for medical treatment as herein provided shall not be affected by the fact that his employee was injured through the fault or negligence of a third party not in the same employ, or suit has been brought against such third party. The employer shall, however, have a cause of action against such third party to recover any amounts paid by him for such medical treatment in like manner as provided in Section 933(b) of this Act."

33 U.S.C. Section 933

"33 U.S.C. Sec. 933(a) If on account of a disability or death for which compensation is payable under this Act the person entitled to such compensation determines that some person other than the employer or a person or persons in his employ is liable in damages, he need not elect whether to receive such compensation or to recover damages against such third person.

"(b) Acceptance of such compensation under an award in a compensation order filed by the deputy commissioner shall operate as an assignment to the employer of all right of the person entitled to com-

pensation to recover damages against such third person unless such person shall commence an action against such third person within six months after such award.

"(c) The payment in Section 44 shall operate as an assignment to the employer of all right of the legal representative of the deceased (hereinafter referred to as representative) to recover damages against such third person.

"(d) Such employer on account of such assignment may either institute proceedings for the recovery of such damages or may compromise with such third person either without or after instituting such proceeding.

"(e) Any amount recovered by such employer on account of such assignment, whether or not as the result of a compromise, shall be distributed as follows:

"(1) The employer shall retain an amount equal to—

"(A) The expenses incurred by him in respect to such proceedings or compromise (including a reasonable attorney's fee as determined by the deputy commissioner);

"(B) the cost of all benefits actually furnished by him to the employee under Section 7;

"(C) all amounts paid as compensation;

"(D) the present value of all amounts thereafter payable as compensation, such present value to be computed in accordance with a schedule prepared by the Secretary, and the present value of the cost of all benefits thereafter to be furnished under Section 7, to be estimated by the deputy commissioner, and the amounts so computed and estimated to be retained by the employer as a trust fund to pay such compensation and the cost of such benefits as they become due, and to pay any sum finally remaining in excess thereof to the person entitled to compensation or to the representative; and

"(2) The employer shall pay any excess to the person entitled to compensation or to the representative, less one-fifth of such excess which shall belong to the employer.

"(f) If the person entitled to compensation institutes proceedings within the period prescribed in Section 33(b), the employer shall be required to pay as compensation under this Act a sum equal to the excess of the amount which the Secretary determines is payable on account of such injury or death over the amount recovered against such third person.

"(g) If compromise with such third person is made by the person entitled to compensation or such representative of an amount less than the compensation to which such person or representative would be entitled to under this Act, the employer shall be liable for compensation as determined in subdivision (f) only if such compromise is made with his written approval.

"(h) Where the employer is insured and the insurance carrier has assumed the payment of the compensation, the insurance carrier shall be subrogated to all the rights of the employer under this section.

"(i) The right to compensation or benefits under this Act shall be the exclusive remedy of an employee when he is injured, or to his eligible survivors or legal representatives if he is killed, by the negligence or wrong of any other person or persons in the same employ:

"*Provided,* That this provision shall not affect the liability of a person other than an officer or employee of the employer."

APPENDIX B

Unreported Decisions of Circuit Court of Appeals for Ninth Circuit, Dated September 8, 1966, Unreported

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

GRACE LINE, INC., a corporation, and "S.S. SANTA JUANA,"	*Appellant,*	No. 20,636
v.		
MICHAEL J. KANTON,	*Appellee.*	

(September 8, 1966)

On Appeal from the United States District Court for the Western District of Washington, Northern Division

Before: BARNES, HAMLEY and JERTBERG, Circuit Judges PER CURIAM:

The Supreme Court of the United States in *Reed v. The YAKA*, 373 U.S. 410 (1963), found in effect that the bareboat charter made the stevedore employer the owner of the boat for the duration of the bareboat charter. It held the stevedore employee could maintain a libel *in rem* against the vessel for injuries resulting from the unseaworthiness of the vessel, and that the Longshoremen's and Harbor Workers' Compensation Act, 33 U.S.C. Secs. 901-950, did not provide an exclusive remedy.

We find the facts of this case undistinguishable.

The District Court made the following Finding of Fact No. 20:

"That the sum of $4,822.05 was paid to libelant in compensation. That $1,490.10 in reason-

able medical costs were paid to furnish necessary care and treatment o flibelant's injuries. That respondent and claimant are entitled to offset the sum of $4,822.05 paid in compensation. That if libelant had incurred said medical costs directly, he would be entitled to an award in that amount. That respondent and claimant are not entitled to an offset of said medical costs."

We concur, and affirm on this issue.

Affirmed.

Miscellaneous

U.S. Congressional & Administrative News, Vol. 2, page 2134. (1959) Senate Report No. 428:

"Like other workmen's compensation laws the Longshoremen's and Harbor Workers' Compensation Act involves a relinquishment of certain legal rights by employees in return for a similar surrender of rights by employers. Employees are assured hospital and medical care and subsistence during convalescence. Employers are assured that regardless of fault, their liability to an injured workman is limited under the Act. In some instances, injury to an employee is caused by a third party. In such circumstances Sec. 33 of the Act preserves to the employee the right to seek damages against a third party."

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BRIEF OF RESPONDENT IN OPPOSITION TO WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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PAGE

SUBJECT INDEX

	Page
Question Presented	1
Statement of the Case	1
Argument for Denying the Writ	2
1. *Reed v. The Yaka*, 373 U.S. 410 (1963) permits *in rem* action against a vessel	2
2. *Reed v. The Yaka* and the instant case are indistinguishable	3
3. The decision of the court below complied with the provisions of 33 USC §905-950	4
Conclusion	6

TABLE OF CASES

Carroll v. SS "SANTA ROSA," 1966 A.M.C. 2051 (S.D.N.Y. 1966)	4
Course v. Pacific Inland Navigation Company; 234 F. Supp. 676 (D. Ore. 1964)	4
Hertel v. American Export Lines, 225 F. Supp. 703 (S.D.N.Y. 1964)	4
Jackson v. Lykes Bros. SS Co., 185 So.2d 342 (La. 1966), cert. den. 187 So.2d 441	4
Miculka v. American Mail Lines, Ltd., 229 F. Supp. 665 (D. Ore. 1964)	4
Peros v. Grace Lines Inc., 1966 A.M.C. 1316 (S.D.N.Y. 1966)	4

Page

Reed v. The Yaka, 373 U.S. 410 (1963).....2, 3, 5
307 F.2d 203 (Third Cir. 1962)....3-4

Robinson v. Lykes Bros. SS Co.,
170 So.2d 243 (La. 1964)..... 4

Ryan Stevedoring Co. v. Pan-Atlantic Steamship Corp.,
350 U.S. 124 (1956)..... 2

Santiago v. Hermands, 255 F. Supp.,
932 (D.C. Puerto Rico 1966)..... 4

Seas Shipping Co. v. Sieracki, 328 U.S. 85 (1946)..... 2

STATUTES

33 USC §905-950..... 4

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BRIEF OF RESPONDENT IN OPPOSITION TO WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Respondent prays that the petition for writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit, entered on September 8, 1966 be denied.

QUESTION PRESENTED

Can a longshoreman maintain an action by libel *in rem* against a vessel owned and operated by his stevedore employer?

STATEMENT OF THE CASE

Respondent, Michael J. Kanton, filed a libel *in rem* against the SS "SANTA JUANA" for personal injuries sustained on November 26, 1961 on board the vessel, resulting from unseaworthiness. Respondent was employed by Grace Line, the owner and operator of the vessel. Jurisdiction in the District Court was based on the occurrence of a maritime tort in navigable waters of the United States.

Respondent received compensation under the Longshoremen's and Harbor Workers' Compensation Act.

Petitioner appealed from a judgment entered in favor of respondent in the District Court. The judgment was offset by the amount of compensation paid to respondent. The Court of Appeals affirmed *per curiam*.

ARGUMENT FOR DENYING THE WRIT

1. *Reed v. The Yaka*, 373 U.S. 410 (1963) permits *in rem* action against a vessel.

Respondent relies on *Reed v. The Yaka* as authority for maintaining this action. The decision erased the artificial distinction existing since *Seas Shipping Co. v. Sieracki*, 328 U.S. 85 (1946), and *Ryan Stevedoring Co. v. Pan-Atlantic Steamship Corp.*, 350 U.S. 124 (1956).

The following language is pertinent, beginning on page 415:

> "We think it would produce a harsh and incongruous result, one out of keeping with the dominant intent of Congress to help longshoremen, to distinguish between liability to longshoremen injured under precisely the same circumstances because some draw their pay directly from a shipowner and others from a stevedoring company doing the ship's service. Petitioner's need for protection from unseaworthiness was neither more nor less than that of a longshoreman working for a stevedoring company. As we said in a slightly different factually context, 'All were subjected to the same danger. All were entitled to like treatment under law.' *Pope and Talbot, Inc. v. Hawn*, 346 U.S. 406, 413 (1953). We conclude that the petitioner was not barred by the longshoreman's act from relying on Pan-Atlantic's liability as a shipowner for the Yaka's unseaworthiness in order to support his *libel in rem* against the vessel."

2. *Reed v. The Yaka* and the instant case are indistinguishable.

Petitioner urges that *Reed v. The Yaka* does not apply here because respondent's employer, Grace Line, was the owner and operator of the SS "SANTA JUANA" and not the owner *pro hac vice*, or bareboat charterer. There is no material distinction between the two forms of ownership. The opinion of Mr. Justice Black clearly recognizes no such distinction.

p. 412:

> "It has long been recognized in the law of admiralty that for many, if not most, purposes the bareboat charterer is to be treated as the owner, generally called owner *pro hac vice*."

ps. 414, 415:

> "In particular, we pointed out several times in the *Sieracki* case, which has been consistently followed since, that a *shipowner's* obligation of seaworthiness cannot be shifted about, limited or escaped by contracts or by the absence of contracts and that the *shipowner's* obligation is rooted, not in contracts, but in the hazards of the work." (Emphasis supplied)

Similar language is found in the opinion of the Court of Appeals in *Reed v. The Yaka*, 307 F.2d 203, (Third Cir. 1962):

> "The case at hand is different only in that the suing longshoreman's employer was a bareboat charterer rather than an owner. But for present purposes that is not a significant distinction. In admiralty such a demisee acquires full control and authority over the ship and the rights and duties which attend such dominion. He takes the owner's place for the term of the demise. *United States v. Shea*, (1894), 152 U.S. 178, 14 S.Ct. 519, 38 L.Ed. 403; *Leary v. United States*, (1871), 81 U.S. (14 Wall) 607, 610, 20 L.Ed.

756 (dictum); Gilmore & Black, op. cit. *supra*, at 215-16."

Applications of the holding to stevedore-employers who were also shipowners or owners *pro hac vice* have been made without difficulty by the District Courts. *Hertel v. American Export Lines*, 225 F.Supp. 703 (S.D.N.Y. 1964), *in personam* action against owner *pro hac vice*. *Miculka v. American Mail Lines, Ltd.*, 229 F.Supp. 665, (D.Ore. 1964) *in rem* action against vessel operated by owner *pro hac vice*. *Course v. Pacific Inland Navigation Company*, 234 F.Supp. 676 (D.Ore. 1964) *in rem* action against vessel or *in personam* action against the vessel owner approved. *Peros v. Grace Line Inc.*, 1966 A.M.C. 1316 (S.D.N.Y. 1966) (On Appeal) action *in rem* against the vessel and at law against the vessel owner approved. *Carroll v. SS "SANTA ROSA"*, 1966 AMC 2051 (S.D.N.Y. 1966) *in rem* action against a vessel permitted. Vessel was operated by owner Grace Line, *Santiago v. Hermands*, 255 F. Supp. 932 (D.C. Puerto Rico 1966) approves *in personam* action against vessel owner or *in rem* action against vessel. Similarly in the State of Louisiana, *in rem* actions against vessels operated by the vessel owner were permitted in *Robinson v. Lykes Bros. SS Co.*, 170 So.2d 243 (La. 1964); *Jackson v. Lykes Bros. SS Co.*, 185 So.2d 342 (La. 1966) cert. denied, 187 So.2d 441.

3. The decision of the court below complied with the provisions of 33 USC § 905-950.

Respondent received his statutory benefits under the Longshoremen and Harbor Workers' Compensation Act. The District Court offset the judgment in the amount received by respondent. The financial burden for the injury

was placed on the party liable for the vessel's unseaworthiness. There was compliance with the Act.

The decision in *Reed v. The Yaka* was within the purview of the Act. It is true that the Act intended to provide immunity to the stevedore-employer from suit by his injured employee in return for providing assured statutory compensation to all injured employees regardless of fault. The key reference, however, is to a *stevedore-employer*. The right of a longshoreman to sue a third party was not abrogated. There was not then nor is there now any economic justification for such abrogation. To circumvent the Act, however, some steamship owners or operators have followed the practice of employing longshoremen directly without resort to available independent stevedore contractors. The intended effect was to remove the right of the injured longshoreman to sue a "third party". *Reed v. The Yaka* eliminated the inequity resulting from the above practice. The holding of this court in *Reed v. The Yaka* was pronounced after careful consideration of the economic factors involved. As intended by the decision, the financial burden arising from the unseaworthiness of a vessel now ultimately rests on the party responsible for the condition. District Courts have found no difficulty in applying the decision. No further clarification of the decision is necessary.

CONCLUSION

For the foregoing reasons, the petition for Writ of Certiorari should be denied.

Respectfully submitted,

SAM L. LEVINSON
HAROLD F. VHUGEN
Counsel for Respondent

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IN THE

Supreme Court of the United States

October Term, 1966

No. 830

GRACE LINE, a corporation and SS "SANTA JUANA,"
Petitioners,

v.

MICHAEL J. KANTON,
Respondent.

MOTION FOR LEAVE TO FILE ANNEXED PETITION FOR REHEARING

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PAGE

SUBJECT INDEX

	Page
Motion for Leave to File Petition for Rehearing	1
Petition of Grace Line, a Corporation, and SS "Santa Juana" for Rehearing	3
Conclusion	6
Certificate of Counsel	6

TABLE OF CASES

Jackson v. Lykes Bros. Steamship Co., 185 So.2d 342, No. 575 in October Term, 1966, *cert. granted* December 6, 1966 ..... 2, 5

Pacific Inland Navigation Co. v. Course, No. 1000, in October Term, 1966, Petition for Writ of Certiorari 2

Reed v. SS "YAKA," 373 U.S. 410, 10 L.Ed.2d 448, 83 Sup.Ct. 1349 ..... 2, 3, 5

United States v. Stephen Robert Demko, No. 76, October Term, 1966, decided December 5, 1966, 35 Law Week 4028, *cert. granted* 383 U.S. 966, 350 F.2d 698 (3 C.C.A., 1965) 1, 2, 3-4-5

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PAGE

IN THE

Supreme Court of the United States

October Term, 1966

GRACE LINE, a corporation, and SS "SANTA JUANA,"	*Petitioners,*	No. 830
v.		
MICHAEL J. KANTON,	*Respondent.*	

MOTION FOR LEAVE TO FILE PETITION FOR REHEARING

Grace Line, a corporation, and the SS "SANTA JUANA," petitioners, respectfully move for leave to file the annexed petition for rehearing of the order of this Court denying the petition for writ of certiorari in this case, filed on December 5, 1966, and denied on January 9, 1967.

Rehearing is sought at this time because, as is pointed out more fully in the annexed petition, in *United States v. Stephen Robert Demko,* No. 76, October Term, 1966, decided December 5, 1966, 35 Law Week 4028, the applicable federal compensation act was held the exclusive remedy for injuries. In *Demko, supra,* Mr. Justice Black held for the majority of the Court that the right of recovery granted by a federal compensation act is the

exclusive remedy and that until Congress provides differently, the Court must give full effect to Congressional intent.

The decision in *Demko, supra,* was not available at the time of the printing of the petitioner's brief.

Furthermore, the Court on December 6, 1966, in the case of *Jackson v. Lykes Bros. Steamship Co.,* 185 So. 2d 342, No. 575 in October Term, 1966, granted certiorari for clarification of the scope of the decision of *Reed v. SS "YAKA"*, 373, U.S. 410, 10 L.Ed.2d 448, 83 Sup. Ct. 1349, and the further question if the Longshoremen's & Harbor Workers' Act constitutes the exclusive remedy for an injured stevedore, which are identical questions raised by the petitioner.

Uncertainty prevails as to the construction previously accorded *Reed v. SS "YAKA", supra,* as further indicated by a petition for certiorari filed January 24, 1967, in the case of *Pacific Inland Navigation Co. v. Course,* No. 1000, in October Term, 1966, involving the question of whether the Longshoremen and Harbor Workers Act is exclusive remedy to an injured harbor worker.

EDWARD S. FRANKLIN
JOHN P. SULLIVAN
Counsel for Petitioners

January 27, 1967

IN THE

Supreme Court of the United States

October Term, 1966

GRACE LINE, a corporation, and SS "SANTA JUANA,"	*Petitioners,*	No. 830
v.		
MICHAEL J. KANTON,	*Respondent.*	

PETITION OF GRACE LINE, A CORPORATION, AND SS "SANTA JUANA" FOR REHEARING

The solution of the questions (1) does Section 5 of the Longshoremen's and Harbor Workers' Compensation Act preclude a direct damage action against a shipowner-employer, and (2) does *Reed v. SS "YAKA,"* 373 U.S. 410, 10 L.Ed.2d 448, 83 Sup. Ct. 1349, justify such direct action, where the shipowner-employer is a single entity and that no third party is involved, are of paramount importance to the nation's maritime industry.

Petitioners' contention that the Longshoremen's and Harbor Workers' Compensation Act is the exclusive remedy for an injured employee is based on the plain wording of Section 5 of the Longshoremen's and Harbor Workers' Compensation Act. This clearly indicates Congressional intent that a shipowner-employer was immunized from direct suit by an injured workman.

The Court gave effect to such Congressional intent in the case of *United States v. Stephen Robert Demko,*

No. 76, October Term, 1966, Cert. granted 383 U.S. 966, 350, F.2d 698 (3 C.C.A., 1965), decided on December 5, 1966, Mr. Justice Black said:

"Historically, workmen's compensation statutes were the offspring of a desire to give injured workers a quicker and more certain recovery than can be obtained from tort suits based on negligence and subject to common-law defenses to such suits. Thus compensation laws are practically always thought of as substitutes for, not supplements to, common-law tort actions. A series of comparatively recent cases in this court has recognized this historic truth and ruled accordingly. *Johansen v. United States*, 343 U.S. 427, and *Patterson v. United States*, 359 U.S. 495, for instance, are typical of the recognition by this Court that the right of recovery granted groups of workers covered by such compensation laws is exclusive. Such rulings of this court have established as a general rule the exclusivity of remedy under such compensation laws. In *Johansen v. United States, supra*, at 440-441, this Court stated 'where the Government has created a comprehensive system to award payments for injuries, it should not be held to have made exceptions to that system without specific legislation to that effect.' Later in *Patterson v. United States, supra*, at 496, this Court emphatically refused to abandon the *Johansen* ruling calling attention to the fact that Congress by specific statute could change the *Johansen* 'policy at any time.' Consequently we decide this case on the *Johansen* principle that, where there is a compensation statute that reasonably and fairly covers a particular group of workers, it presumably is the exclusive remedy to protect that group.

• • •

"• • • This particular federal compensation law, created to meet, in the accepted fashion of such laws, the special need of a class of prisoners, has now for more than 30 years functioned to the satisfaction of Congress, except as Congress broadened

its coverage in 1961. Until Congress decides differently we accept the prison compensation law as an adequate substitute for a system of recovery by common-law torts."

In *Jackson v. Lykes Bros. Steamship Co.*, 185 So.2d 342, No. 575 in the October Term, 1966, certiorari granted December 6, 1966, the Louisiana Court of Appeals, 4th Circuit, considered the question as to whether the *Reed v. SS "YAKA," supra*, decision emasculated and rendered of no effect the exclusive remedy provisions of Section 5 of the Longshoremen's and Harbor Workers' Act. The Louisiana court in holding the Longshoremen's and Harbor Workers' Act was exclusive, states at 185 So.2d 345:

> "An analysis of the *YAKA* case reveals language which suggests that an *in personam* remedy may be available; the analysis likewise reveals that there exists reason for believing that the section of the Longshoremen's and Harbor Workers' Act referred to hereinabove has been taken upon the judicial anvil and hammered into an unexpected shape.
>
> "In any event, we are of the opinion that it exemplifies more judicial integrity to conclude that the rationale emanating from *YAKA* merely permits a longshoreman to bring an action *in rem* against his employer in the federal court."

The most recent case decided by this Court, *United States v. Stephen Robert Demko, supra*, establishes the exclusive remedy of a Congressional enacted compensation act. The rationale of *Demko, supra*, should be applied here.

The interpretation placed upon *Reed v. SS "YAKA," supra*, and the Longshoremen's and Harbor Workers' Act is constitutionally impermissible as it denies the petitioner

its *"quid pro quo"* in concurrently making the shipowner-employer legally liable for compensation payment under the Longshoremen's and Harbor Workers' Compensation Act, to an injured employee, and at the same time directly liable for the injured employee in a damage action, specifically precluded by Section 5 of the Longshoremen's and Harbor Workers' Compensation Act.

CONCLUSION

For the reasons set forth above and in the petition for writ of certiorari, we respectfully urge that a rehearing be granted and that, upon such rehearing, a writ of certiorari issue to the Circuit Court of Appeals for the Ninth Circuit.

Respectfully submitted,

EDWARD S. FRANKLIN
JOHN P. SULLIVAN
Counsel for Petitioners

CERTIFICATE OF COUNSEL

I hereby certify that the foregoing petition for rehearing is presented in good faith and not for purposes of delay and is restricted to the grounds specified in Rule 58 of the rules of this Court.

EDWARD S. FRANKLIN
Counsel for Petitioner